
DEPARTMENT OF STATE REVENUE

Information Bulletin #7
Sales Tax
October, 2010
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SUBJECT: Application of Sales Tax to Meals and Banquets

REFERENCES: [IC 6-2.5-4-1](#); [IC 6-2.5-5-20\(c\)\(8\)](#)

I. General Information

Indiana sales tax generally applies to the selling price of meals, banquets, smorgasbords, and all other food and beverage services and must be collected by the person or organization preparing and/or serving the food to any organization, group, or individual, with certain exceptions as provided in Section "III" below.

Food and beverage services generally are not considered to be used for the purpose for which an organization might otherwise be granted sales tax exemption. Sales tax must be collected whether the individual members are charged separately or the organization pays the entire cost in a single payment, irrespective of the type of organization.

Gratuities are not taxable when they result from an unsolicited, affirmative action on the part of the customer to reward good service. Charges for serving food or beverages furnished, prepared, or served for consumption at a location or on equipment provided by the retail merchant are not subject to sales tax. However, this exclusion applies only if the charges for the serving are stated separately from the price of the food or beverages when the purchaser pays the charge. Charges for delivery of prepared food, whether segregated or not, are subject to sales tax.

Some counties have adopted a food and beverage tax that applies to the sale of meals and banquets. Caterers who cater in those counties must collect and remit the food and beverage tax on food and beverages sold in the adopting counties. Please see Commissioner's Directive #30 (<http://www.in.gov/dor/reference/files/cd30.pdf>) or call the Department of Revenue for more information regarding local food and beverage taxes, including a current listing of those counties that have a food and beverage tax.

II. Inclusion of Items Other Than Food Services in a Single Ticket Price

When events are held for which the price of the ticket or admission includes food services as well as entertainment and/or other intangible services, the entire selling price of the ticket is subject to the sales tax unless the price charged for food service is stated separately from the other items.

III. Exemption from Sales Tax

If meals are prepared and served by a qualified nonprofit organization as a fundraising activity, the proceeds of which are used for the purpose for which such organization is granted exemption from sales tax, and such organization does not conduct selling activities of any nature on more than 30 days in a calendar year, such organization is not required to collect sales tax.

If a qualified nonprofit organization purchases the meals and pays the entire cost in a single payment and the meals are sold by the organization individually at a higher price as a part of a bona fide fundraising project, the proceeds of which are used for the purpose for which such organization is granted exemption from sales tax, such organization is not required to either pay or collect sales tax, if sales are not made on more than 30 days in a year.

The furnishing of school meals, including meals furnished to college students by a college or university, is exempt

from sales tax.

You can get more information concerning nonprofit organizations and the furnishing of school meals by contacting the Indiana Department of Revenue, Tax Administration Division. For more general information concerning nonprofit organizations, please refer to the Department's Sales Tax Information Bulletin #10, available online at: <http://www.in.gov/dor/3650.htm>

IV. Door Prizes and Other Giveaway Merchandise

When events or tickets include door prizes or other types of giveaway merchandise, the organization or group must pay sales tax on the purchase price of such merchandise unless the event and/or organization comes within the exemption provided to nonprofit organizations. For more information related to raffles or gaming events, please contact the Indiana Gaming Commission at the following address:

East Tower, Suite 1600
101 W. Washington Street
Indianapolis, IN 46204
Voice: (317) 233-0046
Fax: (317) 233-0047

John Eckart
Commissioner

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